DOCUMENT RESUME

ED 412 791 HE 030 559

AUTHOR	Flinn, Ronald T.
TITLE	The Buildings and Grounds Committee. Effective Committees. Board Basics.
INSTITUTION	Association of Governing Boards of Universities and Colleges, Washington, DC.
PUB DATE	1997-00-00
NOTE	16p.
AVAILABLE FROM	Association of Governing Boards of Universities and Colleges, One Dupont Circle, Suite 400, Washington, DC 20036; phone: 800-356-6317 ($5.95 members, 10 or more, $3.95 each; $9.95 nonmembers, 10 or more, $7.95 each).
PUB TYPE	Guides - Non-Classroom (055)
EDRS PRICE	EDRS Price MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	Administrative Organization; Administrative Policy; Agency Role; *Campus Planning; College Administration; *College Buildings; *Committees; Equipment Maintenance; Facility Improvement; *Facility Planning; *Governance; Governing Boards; Group Membership; Higher Education; Meetings; Policy Formation; Recordkeeping; Resource Allocation; *School Maintenance
IDENTIFIERS	*Deferred Maintenance

ABSTRACT

The committee on buildings and grounds of a college or university governing board is charged with the broad responsibility for overseeing an institution's physical assets: land, buildings, and equipment. Specific tasks include ensuring the adequacy and condition of capital assets, developing and periodically reviewing policies, advocating for new structures and rehabilitating or removing older structures as dictated by general board policies, controlling plant debt, and ensuring adequate levels of funding for plant maintenance. The committee should consist of about six members; the chair should be an experienced board member with an interest in campus buildings and grounds. Ideally, one or two members should be involved in architecture, engineering, contracting, or some other aspect of building; another member with real estate experience would be valuable; there should be one member from the executive committee and another from the financial committee. Meetings should address condition of plant, resource allocation, major repairs and renovations, capital construction, and status of real estate transactions. Members should also gather and analyze the policies of other institutions in such areas as saving energy, upgrading/enhancing computer facilities, raising money, maximizing space usage, charging/accounting for deferred maintenance, pooling/sharing resources. (MSE)

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ED 412 791

BOARD BASICS

EFFECTIVE COMMITTEES

THE BUILDINGS AND GROUNDS COMMITTEE

BY RONALD T. FLINN

U.S. DEPARTMENT OF EDUCATION
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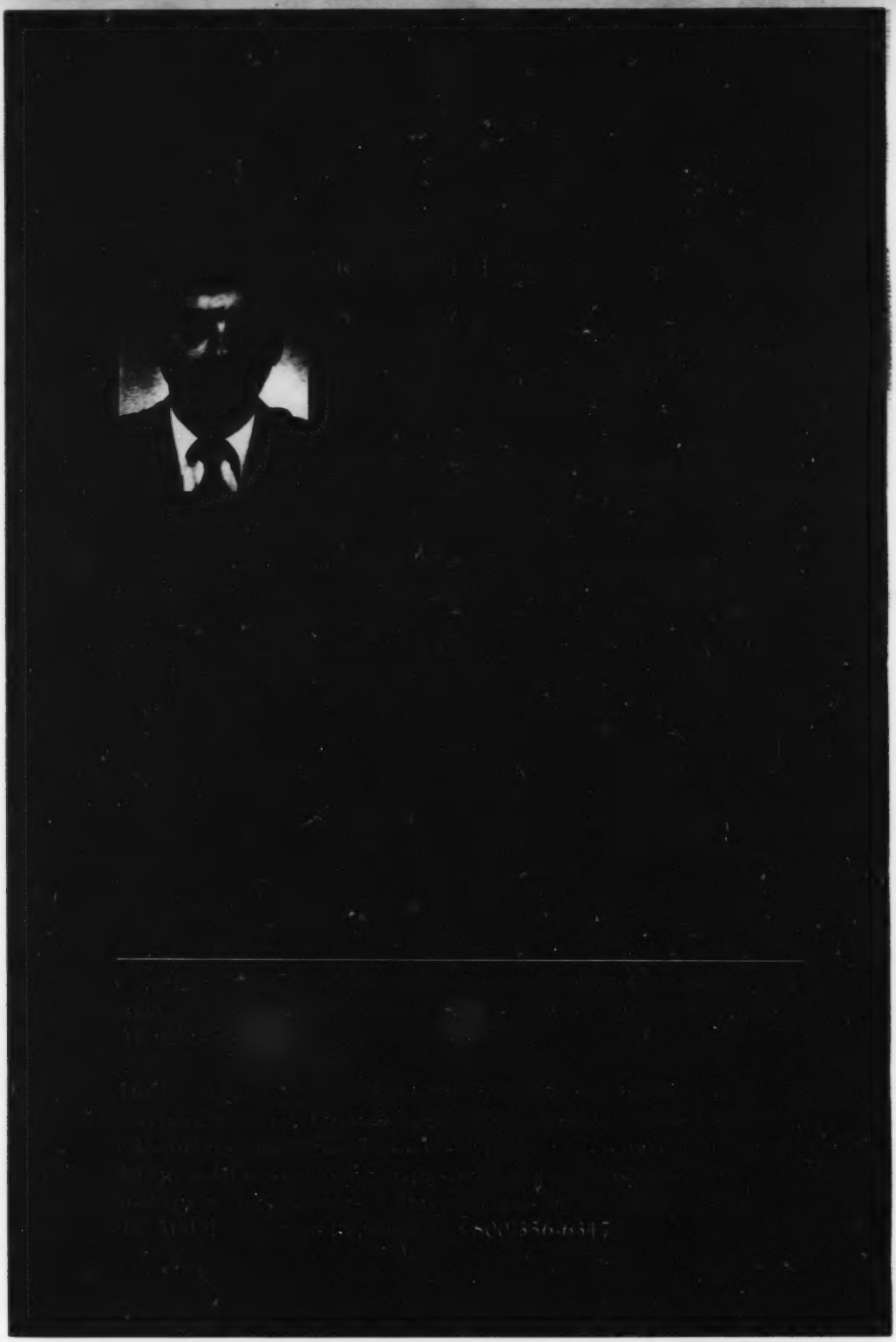

The Buildings and Grounds Committee

An effective buildings and grounds committee must operate in the broad context of institutional stewardship to ensure that its policies, practices, and recommendations serve the institution's mission and purpose. Additionally, committee members must be mindful of many external influences on higher education, including the economy, government financial support, demographics, and social attitudes.

The fiscal needs of colleges and universities are great, and the broad requirements of the building and grounds committee are clear: (1) to maintain facilities to stem the tide of deferral, (2) to modernize instruction and research technology, and (3) to respond to the national interests of greater energy efficiencies, more access for a wide variety of students (some of whom are disabled), and improved environmental quality and occupational safety.

For a buildings and grounds committee to be most effective, members should be aware of the social and economic factors that have created the current circumstances in which many institutions must operate. A brief summary follows:

Today's capital crisis began in the 1960s, when colleges and universities rapidly expanded to accommodate students of the so-called baby-boom generation. By the early 1970s, most campuses had doubled from their pre-World War II size. Many were built without regard for energy conservation or the needs of handicapped individuals. Often, design standards allowed buildings to be constructed with systems that had relatively short life expectations. With time, university leaders began to realize that with the need to save energy, reduce costs, and accommodate the physically handicapped, campus buildings could be liabilities as well as assets. They also discovered that simply maintaining campuses cost more than expected. Consequently, older buildings received minimal attention, and major repairs and renovations were deferred.

AN EFFECTIVE BUILDINGS AND GROUNDS COMMITTEE MUST OPERATE IN THE BROAD CONTEXT OF INSTITUTIONAL STEWARDSHIP TO ENSURE THAT ITS POLICIES, PRACTICES, AND RECOMMENDATIONS SERVE THE INSTITUTION'S MISSION AND PURPOSE.

Several factors aggravate the situation: society's demand that tuition not rise faster than inflation, a proliferation of government regulations and unfunded mandates, accelerating health-care costs, tighter governmental appropriations, and the escalating demands of rapidly advancing information technology. Consequently, many colleges and university leaders have chosen not to renovate classrooms and dormitories, choosing instead to improve salaries and benefits and to focus on teaching, research, and community service. Others have postponed purchasing or replacing equipment, expanding library collections, and improving energy-related systems.

Rapidly changing technology may prove to be the most formidable challenge for most institutions. Technology enhancements are more far reaching and expensive than anyone initially predicted. By the mid-1990s, institutions were figuring out how to connect campus buildings with fiber-optic cable, link dorm rooms to the Internet, create "smart" classrooms (some with computer connections at each student station), and provide distance learning via satellite—and how to pay for all this. At the same time, such equipment as overhead projectors, slide projectors, and VCRs still need to be maintained and updated.

Nearly a decade ago, a report published by National Association of College and University Business Officers (NACUBO), APPA/The Association of Higher Education Facilities Officers, and Coopers & Lybrand said colleges and universities would need $60 billion for capital renewal and replacement projects—$20 million alone for "urgent needs."

Armed with this background, committee members may be better able to carry out their responsibilities and help develop long-range policies.

Committee Charge

The committee on buildings and grounds—sometimes called a physical plant, campus development, physical facilities, or maintenance committee—is charged with the broad responsibility for overseeing an institution's physical assets: its land, buildings, and equipment. Specific tasks of the committee include ensuring the adequacy and condition of capital assets, developing and periodically reviewing policies, advocating for new structures and rehabilitating or removing older structures as dictated by general board policies, controlling plant debt, and ensuring adequate levels of funding for plant maintenance.

These responsibilities are carried out by the institution's administration; the committee must ensure that administrators commit full attention to these tasks. Newer committee members may wish to take a gradual approach to overseeing these responsibilities, treading lightly on unfamiliar ground until they gain a full understanding of their institution's mission and role, finances, and administrative processes. Experienced committee members should undertake more active oversight, including probing beyond standard responses given at board meetings to questions about the condition of facilities, funding for maintenance, and proposals for new construction or renewal of existing facilities.

Committee Structure

A buildings and grounds committee generally should consist of about six members, including the chair. This individual should be an experienced board member who has expressed an interest in campus buildings and grounds—perhaps a major donor with some professional experience or background in fine arts or construction.

Ideally, one or two committee members should be involved in architecture, engineering, contracting, or some other aspect of building; another member with real estate experience would be valuable. At least one member should be on the executive committee and another on the finance committee. An alumnus who can provide the committee with unique institutional ownership and insight also is valuable. The chief financial and academic officers and the head of facilities management should be *ad hoc* committee members and provide staff support to the committee. Committee membership should change regularly to enable more board members to become familiar with buildings and grounds concerns and to provide the committee with fresh perspectives.

Committee Agenda

Generally, committee meetings should address five concerns:

1. Condition of plant. What is the status of the facilities audit? (The facilities audit documents the condition of campus buildings, grounds, and utilities.)

2. Resource allocation. What portion of the overall operating budget is devoted to plant operation and maintenance, utilities, and major repairs and renovations?

3. Major repairs and renovations. What is the status of current and long-range or proposed projects?

4. Capital construction. What is the status of new construction, major additions, and proposed projects?

5. Real estate. What is the status of transactions for acquisition, sale, or acceptance of gifts?

Committee Responsibilities

Committee members must focus on several big-picture concerns: the adequacy and condition of campus buildings and grounds, appropriate resources for maintaining and renewing capital assets, and the institution's response to proposals for new construction or renewal.

As difficult as committee members may find the task, they must ask campus administrators to address questions such as these: How much space do we have, and does it support the institution's mission and role? Are we using space adequately? How much of the annual operating budget is allocated to plant operation and maintenance, and what does it represent in the levels of regular maintenance and deferred maintenance? Are funds available for new construction? Is new construction required, or should we renew existing facilities instead?

TAKEN CUMULATIVELY, A FACILITIES AUDIT PROVIDES A BENCHMARK OF ALL CAMPUS FACILITIES THAT CAN BE USED TO ASSESS THEIR CONDITION OVER TIME.

To operate efficiently, committee members need information, including the following: (1) a facilities audit of condition, adequacy, and use; (2) a review of physical-planning policies; (3) a survey of renewal or replacement needs; and (4) budget figures concerning funding of current plant operations and maintenance and capital improvements. If the reviews are not available, the committee should ask the administration to conduct them. The committee's primary responsibilities follow:

1. Determine the adequacy, condition, and use of existing facilities. Central to this responsibility is a comprehensive facilities audit that describes building components, analyzes building conditions and functional adequacies, and provides an overall rating of a building's condition and adequacies.

Taken cumulatively, a facilities audit provides a benchmark of all campus facilities that can be used to assess their condition over time. As such, the audit must be conducted objectively. Depending upon institutional resources, surveys can be conducted by in-house staff, consultants, or a combination of both.

However, the facilities audit is only one part of a comprehensive facilities-management program. Equally important is evaluating how well the space is being used and how well it might meet the needs of a technologically demanding future. This analysis generally is subjective and therefore more difficult to conduct. Its importance, however, cannot be overemphasized; unfortunately, no criteria exist that apply to all campuses. Other components of a comprehensive facilities-management program include (1) a physical-planning policy that identifies goals and priorities for enrollment, land use, and facilities; (2) audit and analysis of facility conditions, management procedures, and use of space; (3) a projection of future requirements, including capital programs and deferred and controlled maintenance; and (4) mandated regulatory programs,

including energy conservation, environmental regulations, and compliance with the Americans with Disabilities Act.

THE FINAL APPROVAL OF AN INSTITUTION'S FACILITIES GOALS AND POLICIES RESTS WITH ITS SENIOR ADMINISTRATORS AND GOVERNING BOARD.

2. Create a physical-planning policy. This responsibility is among the committee's highest priorities and should be conducted in consultation with other board committees and senior administrators. As a vital part of an institution's long-range plans, it must take into account academic priorities, access, and the commitment of an institution's land, buildings, and utilities to public service.

The physical-planning policy should cover land, facilities, and alternative programs for implementation. Ideally, a policy document should be based on data, with narrative limited to brief statements. For example, institutions that have rapidly expanded their land holdings should define their geographical areas of interest, develop policies to consolidate holdings within these areas, and create contiguous holdings when beneficial. Many universities have benefited from the immediate infusion of cash resulting from selling surplus land, but such a strategy never should be considered an option for long-range needs.

These policies must be developed early in the planning process so they can become the basis for making decisions about new construction, conservation of existing structures, and removal of obsolete facilities. The economics of each option must be balanced against local attitudes, academic priorities, and enrollments. Allocating resources for academic purposes and capital assets must be viewed realistically for five-year and ten-year periods.

The final approval of an institution's facilities goals and policies rests with its senior administrators and governing board. The review cycles should be a joint effort, mandated by board action.

3. *Review renewal or replacement decisions.* Public and independent institutions have adopted a uniformly conservative stance concerning capital improvement recommendations. Even in regions of rapid enrollment growth, few campuses are being expanded.

In periods of fiscal constraint, committee members will support some decisions to renew or replace a facility and will defer others. Proposals to abate hazardous conditions, comply with legislative mandates, maintain accreditation, or protect buildings through cost-effective improvements are especially compelling, and the board may want to support such actions. The board should be mindful, however, that deferring proposals risks worsening conditions and even greater liabilities. The decision to defer should be reached only after determining priorities and selecting those projects requiring the most immediate attention.

One element involved in the "renew or replace" decision is campus attitude regarding the retention and extension of the life of a structure. Other considerations include the expenditure required for renovation, the loss of the space during construction, and the costs for temporary use of space during construction. Renovation decisions should take into account the following questions: What levels of renovation are possible? Can the work be conducted in phases to allow use of the facility during renovation? Can an equivalent amount of funds be spent more wisely by rehabilitating other space to accommodate program needs? Can proposed academic and other institutional needs be better accommodated with a new building to replace the existing one?

In some cases, trustees must weigh the importance of renewing an existing structure, even at premium costs, if a structure has historic or architectural value. The decision to remove antiquated and nonessential buildings generally must prevail, especially if such structures place an undue financial burden on maintenance and utility budgets. Several issues must be considered when deciding if a building should be renewed or replaced: Can adequate support be attracted for a renewal rather than a replacement? Will a renewal be functionally and esthetically successful? Can annual operating budgets absorb added costs for operating and maintaining a new facility?

4. *Oversee financing.* In recent years, the annual plant operations and maintenance budget would be expressed as a percentage of the total expenditures—10 percent was the average reported in a 1980 survey. Although it is tempting to identify a higher number, such as 15 percent, as a target, the financing issue is too complex to be so easily solved. Geographic settings, the cost of labor, and climate conditions—all of which greatly affect facilities planning and management—vary greatly among institutions. To be effective fiscal stewards, committee members must develop an understanding of their campus.

The physical facilities budget has three general categories:

- *Annual maintenance and operations.* These funds are used for routine activities, such as grounds expenses (usually calculated as cost per acre), maintenance of custodial and building systems, and expenses for energy costs (calculated as cost per square foot). The senior facilities officer should be aware of these costs at peer institutions in similar climates. He or she also must be cognizant of the condition of facilities at these peer institutions. A low cost may mean that an institution's buildings are in serious disrepair.
- *Plant renewal.* These resources keep facilities in good condition for their present use, based on facility subsystem life cycles. The general rule to follow for setting this budget is 1.5 percent to 3 percent of current plant replacement cost.
- *Plant adaptation.* These funds are used to alter and upgrade facilities to satisfy codes and standards, new research and teaching demands, and new technology. The norm is 0.5 percent to 1.5 percent of current plant replacement cost.

An additional finance question is related to capital funding of new construction and major renovation: What is an appropriate amount of debt service in the operating budget? One routinely used measure is the ratio of debt service to revenues, which measures the institution's flexibility in committing revenue to resources other than debt service. The higher the burden of debt service, the greater the institution's difficulty in finding sufficient revenue to allocate to other needs. The failure to meet debt service is a symptom of severe financial difficulty.

Decisions to finance new construction and major repairs often neglect to take into account the changes that have occurred since the major building phase ended. At that time, perhaps, debt financing was not a major issue, and grants or low-interest loans from federal and state

AN ADDITIONAL FINANCE QUESTION IS RELATED TO CAPITAL FUNDING OF NEW CONSTRUCTION AND MAJOR RENOVATION: WHAT IS AN APPROPRIATE AMOUNT OF DEBT SERVICE IN THE OPERATING BUDGET?

governments and foundations were readily available. Today, federally funded or foundation-funded buildings are rare. As recently as ten years ago, many such organizations were committed to funding "bricks and mortar" projects; today, only a few are willing to do so. The limited funds available are almost exclusively allocated for new projects, rather than renovation.

Institutions sorely need better access to financing, including debt financing. Only half of all states have public authorities through which higher education institutions may issue tax-exempt bonds. Those that do have such authorities require the debt to be collateralized by unrestricted endowment, a requirement many institutions cannot meet.

CONCLUSION

All institutions shoulder a heavy financial burden in maintaining their facilities, modernizing instructional technology and research resources, complying with energy efficiencies, accommodating the disabled, and promoting environmental quality and occupational safety. The agenda is so large that no single committee working alone can hope to complete it. Members of the buildings and grounds committee must look for help from their board colleagues and administrators; federal, state, and local governments; foundations and corporations; and private citizens who support higher education.

In addition to becoming informed, reviewing campus needs and plans, overseeing policy development, and evaluating federal and state regulations, committee members should gather and analyze the policies and practices of other institutions to set benchmarks in such areas as saving energy, upgrading and enhancing computer facilities, raising money, maximizing use of space, charging and accounting for deferred maintenance, and pooling and sharing resources. Board members should alert funding sources to the severity of the deferred-maintenance problem, and they should become advocates for new financing methods.

Some individuals will argue that an institution cannot afford to allocate the necessary funds for buildings and grounds needs, but the cost of not making the investment is incalculable. An effective buildings and grounds committee plays a crucial role in the long-term success of the institution.

Resources

The Decaying American Campus: A Ticking Time Bomb, a joint report of APPA and NACUBO in cooperation with Coopers & Lybrand (Alexandria, Va.: APPA, 1989).

The Facilities Audit: A Process for Improving Facilities Condition, by Harvey H. Kaiser (Washington, D.C.: AGB, APPA, and NACUBO, 1982).

Facility Renewal and Adaptation, the Society for College and University Planning (SCUP), a joint project of SCUP, NACUBO, APPA, and Coopers & Lybrand (Ann Arbor, Mich.: SCUP, 1989).

Financing Capital Maintenance, NACUBO, (Washington, D.C.: NACUBO, 1990).

Managing the Facilities Portfolio, NACUBO, (Washington, D.C.: NACUBO, 1991).

Planning for Improved Campus Facilities, APPA (Alexandria, Va.: APPA, 1992).

BOARD BASICS

This publication is part of an AGB series devoted to strengthening the role of key standing committees of governing boards. Several assumptions underpin the series:

- The work of boards should be accomplished in committee. An effective committee system will enhance the productivity of full board meetings.
- The committee structure of any board should mirror the full range of its responsibilities as a legal, corporate entity. That is, the committee organization should cover the oversight roles expected of trustees.
- Although there is no optimum committee system, certain principles and procedures should prevail: The board's bylaws or other operating policy should include a clear, comprehensive statement of responsibility for each standing committee. Each committee should be staffed by an appropriate administrative officer; a trustee or regent should serve as chair. No trustee should serve on more than two active committees, preferably one—excluding the executive committee.
- Before scheduled meetings, each committee member should receive a concise, well-conceived meeting agenda and relevant background information prepared by the committee chair and staff. Committees are responsible for recommending decisions and actions to the full board.
- As committee members seek additional information to fulfill their responsibilities, it is important to strike a balance between "too much" and "too little." Committee members must guard against requesting overly detailed information to avoid the appearance of becoming embroiled in administration or overburdening it. Before members make information requests, perhaps they would be well-served by asking if all such requests contribute to the committee's and the board's responsibilities for reviewing, setting, or approving institutional policies.

The *Effective Committees* set of booklets comprises publications on the following committees: investment, buildings and grounds, academic affairs, student affairs, finance, development, trustees, audit, and executive. It is part of the AGB **Board Basics Series**. AGB and the authors welcome comments and suggestions to improve this publication and others in the series.

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